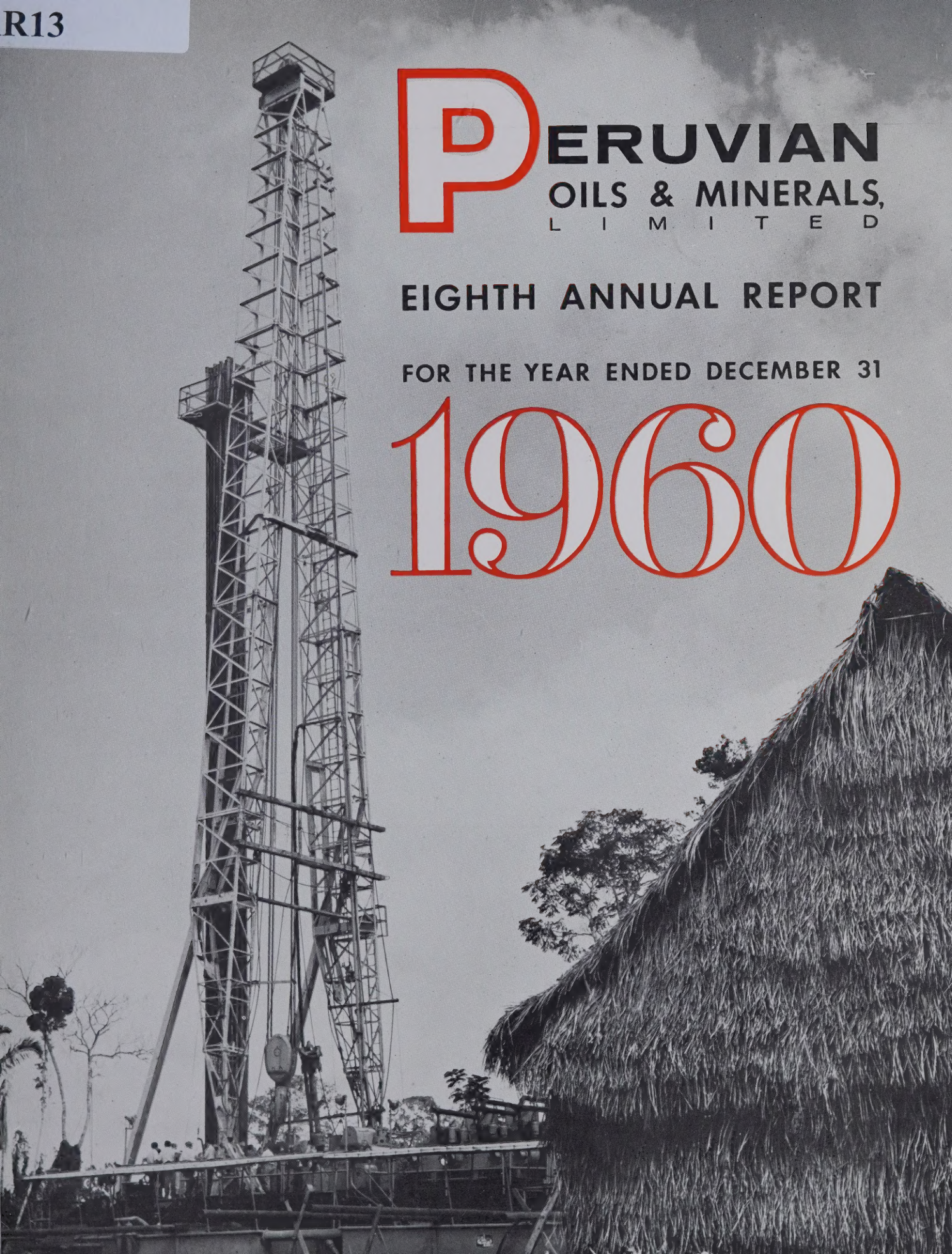
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PERUVIAN OILS & MINERALS, LIMITED

EIGHTH ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31

1960

PERUVIAN OILS & MINERALS, LIMITED

OFFICERS

J. J. COYLE, President - - - - - - - - - Dallas, Texas

J. J. RANKIN, Vice-President and Managing Director Toronto, Ontario

S. H. ROBINSON, Q.C., Secretary - - - - - Toronto, Ontario

W. STEUERMAN, C.A., Treasurer - - - - - Toronto, Ontario

TRANSFER AGENTS AND REGISTRARS

The Sterling Trusts Corporation, Toronto, Ontario

Republic National Bank of Dallas, Dallas, Texas

HEAD OFFICE

Suite 904 — 85 Richmond Street West, Toronto 1, Ontario

PERUVIAN OFFICE

Edificio Republica, Lima, Peru

UNITED STATES OFFICE

Suite 1021, 1511 Bryan Street, Dallas 1, Texas

BANKERS

Canadian Imperial Bank of Commerce - - - - Toronto, Ontario

Chase Manhattan Bank - - - - - - - New York, N.Y.

Republic National Bank of Dallas - - - - - Dallas, Texas

PERUVIAN OILS & MINERALS, LIMITED

President's Letter

To Our Stockholders:

OPERATIONS 1960-1961

Because of the high degree of risk involved, and the vast capital expenditures required in the mining, drilling and exploration ventures in which your Company engages, our policy from the beginning has been to enlist as often as possible the cooperation of other firms in developing the various claims and concessions in which we are interested. Joint ventures of this kind enable us to spread our capital risk and, by drawing on the technical and financial resources of other companies, to gain the maximum leverage from our own cash investment. This mode of operation has made it possible for us to benefit, at a minimum of expense, from widespread geological and geophysical surveys throughout our Peruvian concessions and from the drilling currently being done by the Mobil International Oil Company to explore an extensive structure of large oil-bearing potential, of which more than 45,000 acres lies on our Pachitea concession.

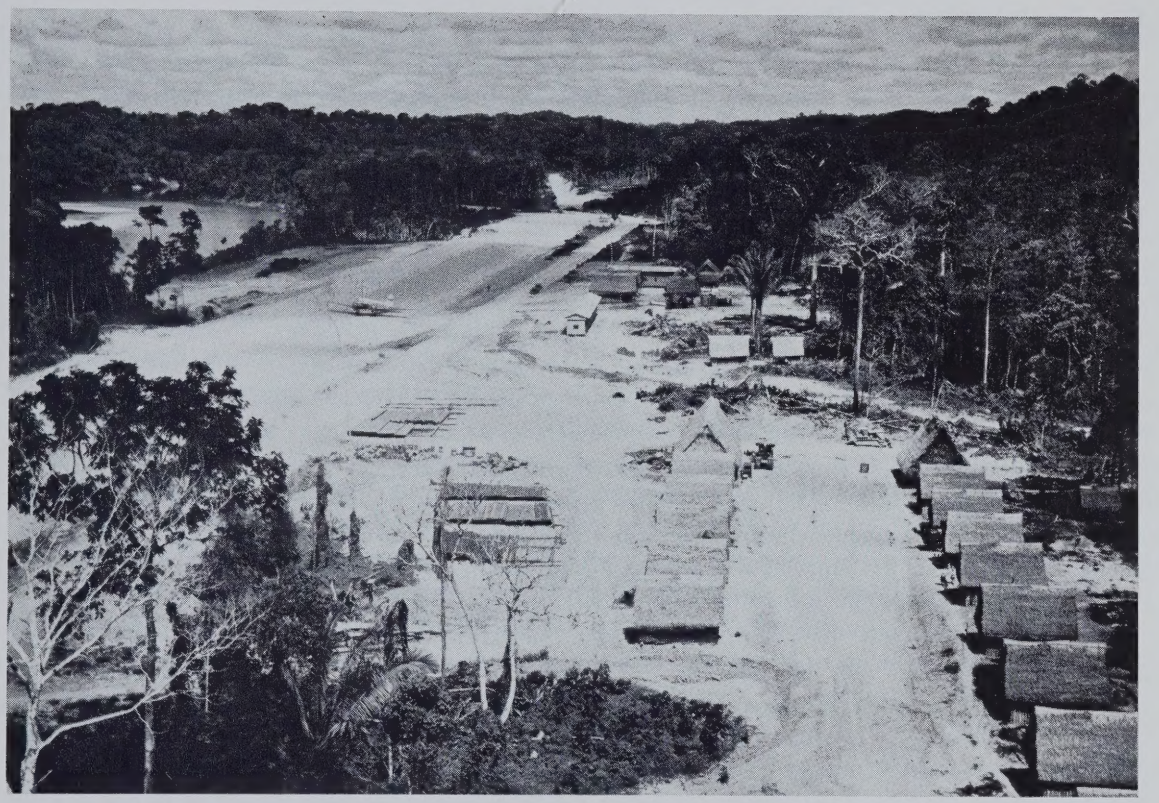
In addition to these exploratory activities in Peru, the oil producing, nickel mining and exploratory ventures in Canada with which your Company is concerned have been developing at an encouraging pace. These ventures, which in combination give Peruvian Oils & Minerals, Limited a broad and solid base on which to grow, are widespread, involving a number of other corporations and embracing a variety of activities. For this reason it is believed that a brief review of your Company's present involvements — how they were developed, and what they may hold for the future — will be of interest and value to our shareholders at this time.

Earnings

Sale of crude oil and natural gas from your Company's Pembina Field in Alberta resulted in an income of $128,604 after royalties and operating expenses, but before depletion, amortization and depreciation. This income was sufficient to cover all 1960 expenses plus $52,863 of depletion, amortization and depreciation charges, leaving a net of $26,496. This amount was applied against development and exploratory costs of properties abandoned from 1954 through 1958, which were written off last year.

Drilling — Peru

On January 1, 1961, the Mobil International Oil Company commenced drilling a test well (Zorrillos No. 1) on the eastern structure of our farmout to them of the Pachitea concession. The original plan had been to drill the first exploratory well on the western structure (Aguaytia No. 1, 10 km. to the northwest), but the drilling equipment could not be transported over the roads during the rainy season. To avoid delay, Zorrillos No. 1 — which could be supplied by shipments on the Aguaytia River — was drilled first.



Camp and airstrip built by Mobil International Oil Company at Zorrillos No. 1. Photo was taken from the drilling tower on the site.

By early April this well had been drilled to a total depth of 8,883 feet. Electric log, cores and sidewall samples had been taken, and two open-hole drillstem tests had been made to obtain formation water samples. The results of these tests were negative and — because of only very questionable oil shows — drilling was temporarily suspended, pending the testing results of wildcat Aguaytia No. 1 on the western structure. According to Mobil's exploration department, Aguaytia No. 1 "will test a much larger structure, with better possibilities for the accumulation of oil. If similar questionable oil shows should test oil in Aguaytia No. 1, then Zorrillos No. 1 can be completed and tested later."

On April 30, 1961, drilling was commenced at Aguaytia No. 1.

We cannot, of course, predict the outcome of this venture, or whether oil does exist in the structure. Seismic work done on the feature, however, indicates an extremely large area of closure, and the drilling at Zorrillos No. 1 revealed a very substantial thickness of potential reservoir rock of good porosity and permeability. If there is oil in the structure, it could be present in large quantities.

Your Company's financial interest in this venture includes a 2½ percent working interest in the property where the drilling is presently being done (this property adjoins our concession); plus a 33⅓ percent carried interest in our farmout to Mobil International, which means that we will receive one-third of the income from the Pachitea lands after Mobil has recovered the cost of development.

Oil Exploration — Peru

Mobil International Oil Company is also carrying out geological and other exploration work under farmout arrangement on your Company's Santiago River Area Concessions in Northern Peru. These concessions cover an area of approximately three hundred and eighteen thousand acres. The Company retains a thirty percent carried interest in this large potential area in which oil seeps have been noted. Surface geology has confirmed the structures indicated by photographic interpretation.

Geological reconnaissance mapping and some seismic work have confirmed the existence of a very promising structure in the Sacramento River region. Your Company's concessions in this area, which are south of the Pachitea concession, amount to 145,000 acres. DeGolyer and MacNaughton, Inc., geologists of Dallas, Texas, rate this concession as a "Good" prospect; it is relatively accessible — more so, for example, then the Pachitea concession — and this fact enhances its value.

Early in 1958, basing their report on the information then available, DeGolyer and MacNaughton rated a number of our Peruvian concessions "Good, if structure verifies". In September and October, 1959, Geophysical Services Incorporated went to the Cainarache River region, in North-central Peru, where a large group of such concessions lay, to conduct a seismic survey over the indicated anticline. As noted in our Annual Report of last year, the results of these surveys were considered highly favorable, confirming the existence at depth of a huge anticline of large oil-bearing potential.

From the viewpoint of exploitation, the Cainarache Anticline combines the following favorable features: 1.) Great probable closure; 2.) Very large areal extent; 3.) Multiple trap possibilities; 4.) Oil seeps in the vicinity; 5.) Near the town of Yurimaguas, a good supply center; 6.) Easily accessible by road; 7.) Near a logical pipeline route across one of the lowest passes in the Peruvian Andes; and 8.) Near the Huallaga River for barge shipment of oil downriver to the Brazilian refineries.

Because of these facts, Geophysical Services recommended this feature "very highly" for drilling. Your Company's concessions in the region where these surveys were made amount to a total of 458,000 acres.

Mining Concessions — Central Peru

Extensive geochemical and geophysical work is being conducted throughout a large tract of mineral concession rights in the Perene River region of Central Peru. This work is being done by Compania Minera Toronto S.A., an exploration firm owned 46.7 percent by Peruvian Oils & Minerals. Early test results identified a number of apparent anomalies, or sections where certain minerals showed up in larger quantities than normal. Detailed geochemical work was then carried out on two of these anomalies, and the presence of significant quantities of zinc, copper and lead was established. The next phase of development will take place after the 1961 rainy season, when detailed geophysical and other exploration work will determine whether these deposits should be exploited.

Oil Production — Canada

The water flooding pressure maintenance program initiated under the supervision of Pan American Petroleum Corporation has increased the recoverable reserves of our Pembina wells to a current total of approximately one million barrels.

Your Company wholly owns five oil producing wells in the Pembina Field. In addition the allowable from two water injection wells is transferred to two of the producing

wells, so that our total production allowable actually represents the equivalent of production from seven wells.

Water flooding has not yet proved necessary for our other Pembina wells, which continue to produce adequately without added pressure. However, when and if further water flooding is introduced, our recoverable reserves could once again be substantially increased.

Nickel Mining — Canada

MARBRIDGE MINES LIMITED

Marchant Mining Company, Ltd., our subsidiary (57% owned), has formed — with Falconbridge Nickel Mines, Limited — a new company to bring into production the nickel property in La Motte Township, Quebec, which Marchant optioned to Falconbridge in 1959. The new company, Marbridge Mines Limited, is a three million share corporation; Marchant and Falconbridge each own 1,500,000 shares. Under the terms of the option already exercised, Falconbridge is committed to bring the La Motte property into production on a basis of three hundred tons per day minimum. Falconbridge advances all the necessary funds for this operation, and recovers these advances from first production. Marchant then recovers its costs and the remaining profits accrue to Marbridge.

Before deciding to exercise its option, Falconbridge conducted an extensive investigation of the La Motte property. By the end of 1960, 10 holes had been drilled, the deepest of which intersected the ore body at a depth of 840 feet. This drilling indicated that the ore body continues beyond this depth. Falconbridge estimated that there was ample ore above the 650 foot level to repay all pre-production costs and return a profit when exploited. Exploration of the deeper potential of the ore body by diamond drilling will begin shortly after the bottom level has been established. The tenor of the Marbridge ore is estimated to be 2.95% nickel, which is relatively high grade.

In 1960, immediately after Falconbridge exercised its option, plant construction was begun, and a transmission line to link the property with Quebec Hydro Power was undertaken. These projects were well advanced by the year's end. Additions to the Canadian Malartic mill, where the ore will be concentrated, were also made.

Mine preparation commenced during 1961 and on April 15 the shaft had reached a depth of approximately 200 feet. Development on four levels should commence before September, and it is expected that ore will be going to the mill for concentration before the year end.

Outlook — 1961

Mobil's exploration well on the huge Aguaytia structure represents, potentially, the most latent adventure in your Company's history. The rapid exploitation of Marchant's nickel property — at no cost to the Company — assures future increased earning power and net worth. The investment in the Pembina Property Pressure Maintenance program, which already has resulted in additional reserves, soon will be reflected in increased production and earnings.

Sincerely,

J. J. COYLE,
President.

PERUVIAN OILS &

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Balance

As at December 31, 1960 (wi

ASSETS

	1960	1959
Current:		
Cash:		
In Canada	$ 70,528	$ 25,227
In the United States	85,128	78,557
In Peru	13,410	20,275
	169,066	124,059
Marketable securities — at cost:		
Short-term notes receivable	—	89,154
Bonds (market value $24,900)	23,863	105,187
Accrued interest receivable	1,131	3,250
Due from participants in joint ventures	20,228	8,304
Other accounts receivable	9,529	14,185
Prepaid expenses	3,150	4,331
Total current assets	226,967	348,470
Investments:		
Marchant Mining Company Ltd. (a subsidiary):		
Shares — at cost (Note 2)	124,001	94,001
Advance	30,000	45,000
Compania Minera Toronto S.A.:		
Shares — at cost	34,047	34,047
Total investments	188,048	173,048
Property and Equipment — at cost less accumulated depreciation and depletion (Note 3)	775,541	793,518
Exploratory and Development Costs (Note 3)	1,200,253	1,063,161
Other Assets:		
Deposits	10,425	10,550
Organization expenses	8,658	8,658
	19,083	19,208
TOTAL	$2,409,892	$2,397,405

The accompanying notes are

MINERALS, LIMITED

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Sheet

959 figures for comparison)

LIABILITIES

	1960	1959
Current:		
Accounts payable and accrued liabilities	$ 39,874	$ 53,883
Capital Stock (Note 5):		
Authorized — 5,000,000 shares par value $1.00 each		
Issued and outstanding — 2,815,005 shares including 470,000 shares issued for property	2,815,005	2,815,005
Less net discount	327,420	327,420
	2,487,585	2,487,585
Deficit	(117,567)	(144,063)
TOTAL	$2,409,892	$2,397,405

() denotes deduction.

Approved on behalf of the Board:

J. J. COYLE, Director.

J. J. RANKIN, Director.

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PERUVIAN OILS & MINERALS, LIMITED

Statement of Property and Equipment

FOR THE PERIOD FROM MAY 8, 1952 TO DECEMBER 31, 1960

South America (Peru):		
Oil concessions:		
Original deposits (net of refunds and recoveries)	$ 102,258	
Additional cost on concession acquired at auction	389	
Concession title charge	18,414	
	121,061	
Add:		
Shares issued at par for commissions and services relating to investigations and negotiations for oil concessions	70,000	$ 191,061
Office furniture and fixtures — at cost	3,992	
Less accumulated depreciation	2,091	1,901
Total property in South America		192,962
Western Canada (Alberta):		
Oil leases — at cost:		
Cash (Note 3)	64,469	
Shares issued at a premium of 25¢ each	500,000	
	564,469	
Less accumulated depletion	102,932	461,537
Machinery and equipment — at cost (Note 3)	139,945	
Less accumulated depreciation	18,903	121,042
Total property in Canada		582,579
Total property and equipment		$ 775,541

The accompanying notes are an integral part of this statement.

PERUVIAN OILS & MINERALS, LIMITED

Statement of Exploratory and Development Costs

FOR THE PERIOD FROM MAY 8, 1952 TO DECEMBER 31, 1960

	Expenditure to December 31, 1959	Expenditure During The Year	Total Expenditure to December 31, 1960
Exploratory and Development Expenses in Peru:			
Geological fees and expenses	$ 107,316	$ 34,519	$ 141,835
Survey and topographical expenses	206,344	2,652	208,996
Legal and accounting fees	54,426	4,517	58,943
Annual surface taxes	195,318	27,633	222,951
Salaries and wages	71,812	303	72,115
Travel and transportation	39,203	47	39,250
Drilling	36,667	12,624	49,291
Depreciation of furniture and fixtures	1,912	266	2,178
Other development expenses	102,886	26,863	129,749
Foreign exchange adjustments	19,685	2,177	21,862
Interest earned and sundry credits	(16,496)	(1,102)	(17,598)
	819,073	110,499	929,572
Less:			
Surrendered and annulled concessions	118,052	—	118,052
Net exploratory and development expenses in Peru	701,021	110,499	811,520
Exploratory Expenses in Chile:			
Participation in Andean Syndicate	—	5,042	5,042
Development Expenses in Canada (Alberta):			
Water flooding pressure maintenance program — Pembina Cardium Unit No. 4 (Note 3)	51,698	23,325	75,023
Less amortization	—	3,894	3,894
	51,698	19,431	71,129
General and Administrative Expenses:			
Salaries of directors and officers	85,136	10,140	95,276
Other salaries and wages	29,710	—	29,710
Travel and transportation	46,785	8,183	54,968
Legal and accounting fees	68,575	10,599	79,174
Other general expenses	233,462	36,737	270,199
Foreign exchange adjustments	(508)	(7,252)	(7,760)
Interest earned and sundry credits	(88,184)	(7,042)	(95,226)
	374,976	51,365	426,341
Less amount charged to operations	64,534	49,245	113,779
Net general and administrative expenses	310,442	2,120	312,562
Total exploratory and development costs	$1,063,161	$ 137,092	$1,200,253

() denotes deduction.

The accompanying notes are an integral part of this statement.

PERUVIAN OILS & MINERALS, LIMITED

Statement of Operations and Deficit

FOR THE YEAR ENDED DECEMBER 31, 1960 (with 1959 figures for comparison)

	1960	1959
Sale of Crude Oil and Natural Gas	$ 169,699	$ 175,996
Production Expenses:		
Operating expenses	25,108	18,603
Lease rental expenses	1,385	8,526
Field facility and gas collection expenses	13,235	2,611
Insurance and taxes	1,367	1,611
Depletion of oil leases	40,265	53,003
Amortization of development costs	3,894	—
Depreciation of machinery and equipment	8,704	8,682
Total production expenses	93,958	93,036
General and Administrative Expenses	49,245	60,076
Total expenses	143,203	153,112
Net Income from Operations for the Year	26,496	$ 22,884
Deficit December 31, 1959	144,063	
Deficit December 31, 1960	$ 117,567	

The accompanying notes are an integral part of this statement.

PERUVIAN OILS & MINERALS, LIMITED

Notes to the Financial Statements, December 31, 1960

1. Peruvian soles have been converted to Canadian dollars at the following rates: current assets and current liabilities at the current exchange rate; certain expenditures for oil concessions at the exchange rates prevailing on the dates of payment to the Peruvian Government; other assets and capitalized expenses at the average exchange rates for the calendar years in which the expenditures were made. United States dollars included in cash have been converted to Canadian dollars at the current exchange rate.

2. The number of shares in Marchant Mining Company Ltd. held at December 31, 1960 was 1,500,000, of which 855,650 were held in escrow subject to direction by the Securities Commissions of Ontario and Quebec, and the directors of Marchant Mining Company Ltd.

3. The cost of the water flooding pressure maintenance program on Alberta oil property amounting to $59,868, incurred in 1959 and classified as cost of oil leases in 1959, is reclassified as development expense ($51,698) and equipment ($8,170). Other minor reclassifications affected individual production expense accounts in the statement of operations but did not change the amount of net income from operations.

4. The company is committed to contribute approximately $48,000 toward the cost of drilling two exploratory wells which are expected to be completed in 1961. This commitment arises out of a participation agreement under which the company agrees to underwrite 2½% of the drilling and other costs. Initial contributions of approximately $12,600 excluding the above, are reflected in the attached statements.

5. During 1960, the company was granted supplementary letters patent increasing its authorized capital stock from 3,000,000 shares of $1 par value each to 5,000,000 shares of $1 par value each.

 Incentive options granted to certain executive officers of the company to purchase 100,000 shares at $2.00 per share and 50,000 shares at $1.00 per share are outstanding and expire on May 5, 1962 and October 31, 1962 respectively, provision being made for termination of a portion of the option upon the optionee's ceasing to hold office.

6. Income taxes of approximately $6,000 which would otherwise have been payable on the income of the year have been deferred by claiming net of development expenses and depreciation allowances for income tax purposes in excess of amounts charged to income in the accounts. The accumulated deferral to date amounts to approximately $13,000.

AUDITORS' REPORT

To the Shareholders of
Peruvian Oils & Minerals, Limited:

We have examined the balance sheet of Peruvian Oils & Minerals, Limited as at December 31, 1960 and the statements of property and equipment, exploratory and development costs, and operations and deficit for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of property and equipment, exploratory and development costs, and operations and deficit present fairly the financial position of the company at December 31, 1960 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied, except for the change described in Note 3, on a basis consistent with that of the preceding year.

Toronto, Ontario,
April 20, 1961.

DELOITTE, PLENDER, HASKINS & SELLS,
Chartered Accountants.

MARCHANT MINING

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Balance Sheet as a

ASSETS

Current Assets:		
Cash		$ 9,047
Accounts receivable		60
Prepaid expense		125
Total current assets		9,232
Investment in Marbridge Mines Limited, 50% owned company (Note 1):		
1,500,000 shares — at cost	$ 119,039	
Advance	154,105	273,144
Investment in Marmattagami Mines Ltd:		
150,000 shares — at cost (Note 2)	8,279	
Advance	477	8,756
Mining Claims — at cost (acquired for cash)		1,397
Interest in Oil and Gas Permits in the Mackenzie Mining District — at cost (Note 3)		129
Equipment — at cost		4,964
Deposit		963
Unrecovered Promotional, Exploratory and Development Costs		60,276
Total		$ 358,861

The accompanying notes are

COMPANY LTD.

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December 31, 1960

LIABILITIES

Current Liabilities:		
Accounts payable and accrued charges		$ 4,930
Note payable to parent company — Peruvian Oils & Minerals, Limited, 6%		30,000
Total current liabilities		34,930
Capital Stock (Note 4):		
Authorized:		
5,000,000 shares par value $1 each		
Issued and outstanding (Note 5):		
Balance December 31, 1959 (including 1,175,000 shares issued for mining claims)		
2,300,005 shares less $1,962,500 discount on issue	$ 337,505	
Issued during 1960 for cash;		
300,000 shares less $255,000 discount on issue	45,000	
Balance December 31, 1960;		
2,600,005 shares less $2,217,500 discount on issue		382,505
Deficit:		
Balance December 31, 1959	59,064	
Less adjustment of expenditures written off in prior year	490	
Balance December 31, 1960		(58,574)

Signed on behalf of the Board:

J. J. RANKIN, Director.

R. L. SEGSWORTH, Director.

Total	$ 358,861

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MARCHANT MINING COMPANY LTD.

(No Personal Liability)

Statement of Unrecovered Promotional, Exploratory and Development Costs

FOR THE PERIOD FROM INCEPTION ON FEBRUARY 6, 1957 TO DECEMBER 31, 1960

	Total December 31, 1959	Expenditure during 1960	Transfers to Investments during 1960	Balance December 31, 1960
Exploration and Development Expense:				
Diamond drilling	$ 69,009	$ 11,790	$ 70,555	$ 10,244
Geophysical surveying	27,158	(702)	14,908	11,548
Engineers' and geologists' fees	13,440	529	9,483	4,486
Salaries and wages	30,616	590	14,444	16,762
Travel and transportation	24,915	156	3,685	21,386
Telephone, telegraph, postage and bank charges	1,546	23	1,126	443
Licences, fees, maps and prints	3,062	701	2,089	1,674
Maintenance of equipment	2,472	—	819	1,653
Supplies	5,450	—	1,216	4,234
Other development expenses	5,474	—	2,009	3,465
Sub-total	183,142	13,087	120,334	75,895
Less expenditure on abandoned projects written off	58,245	490*	—	57,755
Total exploration and development expense	$ 124,897	$ 13,577	$ 120,334	$ 18,140
Participation in Exploration on Oil and Gas Permits in the Mackenzie Mining District	$ 15,000	($ 14,871)	$ 129	$ —
General and Administrative Expense:				
Director's salary	$ —	$ 6,000	$ —	$ 6,000
Other salaries and wages	1,363	3,000	—	4,363
Engineers' retainer	4,263	—	—	4,263
Travel and transportation	245	133	—	378
Rent	610	1,320	—	1,930
Telephone, telegraph, postage and bank charges	278	59	—	337
Legal and audit	10,016	3,259	—	13,275
Transfer agency	1,491	221	—	1,712
Reports to shareholders	2,172	399	—	2,571
Prospectus	1,329	2,589	—	3,918
Interest	1,368	2,381	—	3,749
Other general expense	1,777	434	—	2,211
Total general and administrative	$ 24,912	$ 19,795	$ —	$ 44,707
Total Costs	$ 164,809	$ 18,501	$ 120,463	$ 62,847
Less miscellaneous income	2,121	450	—	2,571
Unrecovered Promotional, Exploratory and Development Costs	$ 162,688	$ 18,051	$ 120,463	$ 60,276

* Represents a net adjustment of amounts recovered, previously written off.

() denotes deduction.

The accompanying notes are an integral part of this statement.

MARCHANT MINING COMPANY LTD.

(No Personal Liability)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1960

1. During the year 1,500,000 shares of Marbridge Mines Limited were acquired as partial consideration for the La Motte Township mining claims of the company at a cost of $119,039; being Marchant's investment in the mining claims which had been acquired for shares valued at $117,500 plus cash outlays for staking, exploration and development of $155,644, reduced in total by a Marbridge undertaking to pay $154,105 in cash out of the first net proceeds of production after repayment to the co-shareholder, Falconbridge Nickel Mines Limited, of advances on account of exploratory work, organization expenses, and amounts required to bring the mine into production.

2. The cost of the 150,000 shares of Marmattagami Mines Ltd. acquired during the year as consideration for the company's interest in certain Isle-Dieu Township mining claims represents the actual cash outlay by the company in acquiring its interest and exploring the claims. 135,000 of these shares are held in escrow subject to release by Marmattagami Mines Ltd.

3. In 1958 the company contributed $15,000 towards exploration on seven oil and gas permits in the Mackenzie Mining District, thereby acquiring a 28.33% working interest in the venture. In 1960 the company received an $8,205 refund of unspent funds and disposed of its working interest for an additional $6,666, retaining a carried interest of 3.541667% in the venture at a net cost of $129.

4. Incentive options granted to certain executive officers of the company to purchase 200,000 shares at 25¢ each are outstanding and expire October 31, 1962, provision being made for termination of a portion of the option upon the optionee's ceasing to hold his office.

5. Of the 1,175,000 shares issued in 1957 at 10¢ each for La Motte Township mining claims, 855,650 are held in escrow subject to direction by the Securities Commissions of Ontario and Quebec and the directors of the company

Auditors' Report

To the Shareholders of
Marchant Mining Company Ltd.:

We have examined the balance sheet of Marchant Mining Company Ltd. (No Personal Liability) as at December 31, 1960 and the statement of unrecovered promotional, exploratory and development costs for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statement of unrecovered promotional, exploratory and development costs are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1960 and the results of its operations from its inception to that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
March 30, 1961.

DELOITTE, PLENDER, HASKINS & SELLS,
Chartered Accountants.

PERUVIAN OILS & MINERALS, LIMITED

THE DIRECTORS

ROSS H. CHAMBERLAIN — Redwood City, California. President of Hitchcock and Chamberlain Ltd., an investment and development company.

JOHN J. COYLE — Dallas, Texas. Independent Oil Producer, President of Gas & Oil Managers Inc.

CARROL DEELY — Dallas, Texas. President of Drilling and Services Inc., a diamond coring company in the oil industry.

ROY W. DOOLITTLE — Buffalo, New York. Senior Partner of Doolittle & Co., Investment Bankers.

JOSEPH J. RANKIN — Toronto, Ontario. Executive, President of Ranworth Explorations Limited.

ROBERT F. RITCHIE — Dallas, Texas. Partner of Ritchie, Ritchie & Crosland, Attorneys-at-law.

THEODORE E. SWIGART — Houston, Texas. Petroleum Engineer, Chairman of the Board of North Central Oil Corporation, Houston, Texas.


International Petroleum Company Limited
TUMBES
ZORRITOS
ZARUMILLA
Irrigation Project
LOS ORGANOS
LOBITOS
TALARA
NEGRITOS
PAITA
PIURA
SECHURA DESERT
NORTHERN BLOCKS
POSSIBLE ROUTE OF PIPELINE
JAEN
BELLAVISTA
OLMOS
CHACHAPOYAS
MOYOBAMBA
YURIMAGUAS
TARAPOTO
LAMBAYEQUE
CHICLAYO
ETEN
CAJAMARCA
PACASMAYO
TRUJILLO
SALAVERRY
Chimbote Steel Mill
HUALLANCA
CHIMBOTE
CASMA
HUARAS
HUARMEY
PARAMONGA
PAN AMERICAN HIGHWAY
CANTA
HUARAL
CALLAO
LIMA
YAULI
TARMA
JAUJA
HUANCAYO
HUANCAVELICA
AYACUCHO
PERÚ
ANDOAS
Morona R.
Pastaza R.
Napo R.
Putumayo
IQUITOS
Tigre R.
NAUTA
Marañon R.
REQUENA
Ucayali R.
NORTH—CENTRAL BLOCKS
SOUTH—CENTRAL BLOCKS
CONTAMANA
NINE MILE PIPELINE TO UCAYALI RIVER.
Huallaga R.
SOUTHERN BLOCKS
PACHITEA CONCESSIONS
PUCALLPA
AGUA CALIENTE
TINGO MARIA
POSSIBLE ROUTE OF PIPELINE
PUERTO PARDO
HUANUCO
Pachitea R.
GOYARISQUIZGA
CERRO DE PASCO
Cerro de Pasco Copper Corporation
PERENÉ COLONY
MINERAL EXPLORATION CONCESSIONS (COMPANIA MINERA TORONTO).
Legend
OIL WELLS
REFINERIES
HIGHWAYS
RAILWAYS
KEY TO PROPERTIES
PERUVIAN OILS & MINERALS LIMITED
OTHER COMPANIES